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Scale of assessments for the apportionment of the expenses of the United Nations

Multi-year payment plans

Report of the Secretary-General

Summary

In its resolution 56/243 A of 24 December 2001, the General Assembly, inter alia, recognized that multi-year payment plans, subject to careful formulation, could be helpful in allowing Member States to demonstrate their commitment under Article 19 of the Charter of the United Nations to pay their arrears, thereby facilitating consideration of applications for exemption by the Committee on Contributions, and requested the Secretary-General to propose guidelines for such multi-year payment plans through the Committee on Contributions.

The present report traces consideration of this question by the Committee on Contributions, including its earlier consideration of related practices by other international organizations. It highlights the main issues to be decided by the General Assembly and, in the event that the Assembly decides to link payment plans to the application of Article 19, makes detailed suggestions for their implementation.

* A/57/50 and Corr.1.

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I. Introduction

1. In recent years, a number of Member States that have requested exemption under Article 19 of the Charter of the United Nations have, in the context of their requests, indicated their intention to reduce or eliminate their arrears over a period of time. This was noted by the Committee on Contributions in its report on its special session in 1996.[1] At that time, the Committee noted that a number of organizations of the United Nations system had made formal provision for such payment plans with the specific approval of their governing bodies. The Committee recognized that such plans could prove a valuable tool in reducing the number of Member States falling under the provisions of Article 19, as well as in improving the financial situation of the United Nations. It also recognized, however, that the question of payment plans and the terms and conditions to be applied to such plans went beyond its terms of reference.

2. In its resolution 53/36 C of 18 December 1998, the General Assembly requested the Committee on Contributions to consider further and to make recommendations, as appropriate, on the issues raised in paragraph 28 of the Committee's report on its fifty-eighth session[2] in 1998, including measures to encourage the timely, full and unconditional payment of assessed contributions, pursuant to its general mandate.

3. The question of multi-year payment plans was again considered by the Committee on Contributions at its special session in 1999.[3] The Committee noted that, once again, a number of the Member States whose requests for exemptions under Article 19 were reviewed at the special session made reference to the possibility of submitting payment schedules for their arrears in contributions to the United Nations. The Committee decided to consider the matter further at its fifty-ninth session.

4. Pursuant to its mandate under General Assembly resolution 53/36 C, the Committee on Contributions considered a number of measures to encourage the timely, full and unconditional payment of assessed contributions, including multi-year payment plans. The Committee again noted that such plans were used in a number of organizations of the United Nations system.[4] The Committee also noted the intention of the Republic of Moldova to pay off its arrears over the next five years. The Committee agreed that the General Assembly could consider the idea of multi-year payment plans as a tool for the improvement of the financial situation of the Organization. Members of the Committee had divergent views, however, on whether such plans should be voluntary or mandatory and on whether they should be linked to the application of Article 19.

5. In its resolution 54/237 B of 23 December 1999, the General Assembly requested the Committee on Contributions further to consider the measures, described in its report,[5] to encourage the timely, full and unconditional payment of assessed contributions, except for the suggestions that Member States current in their financial obligations to the United Nations should receive priority in payments for peacekeeping troops and equipment and that the Organization should issue redeemable peacekeeping certificates.

6. At its sixtieth session in 2000, the Committee on Contributions considered the question of multi-year payment plans, in the context both of measures to encourage the timely, full and unconditional payment of assessed contributions and of requests from Member States for exemption under Article 19.[6] In the latter context, the Committee noted the intention of Georgia to make a payment of $180,000 in 2000 and to eliminate its arrears over the following seven years. It also noted that the Republic of Moldova and Sao Tome and Principe intended to submit schedules of payments to eliminate their arrears and that Burundi and Comoros were open to considering the possibility of a schedule of payments. In the more general context, the Committee noted that a number of Member States were faced by large and persistent arrears and that it was unlikely that they would be in a position to eliminate their arrears immediately. Accordingly, it agreed that multi-year payment plans could be a useful tool in reducing arrears to the Organization in the case of those Member States which seek a rescheduling of the payment of their arrears. The Committee decided to consider the question of multi-year payment plans further in the light of any guidance from the General Assembly.

7. In its resolution 55/5 A of 26 October 2000, the General Assembly requested the Committee on Contributions to consider further various measures to encourage the timely, full and unconditional payment of assessed contributions including, inter alia, multi-year payment plans, taking into account the experience with incentives and sanctions for the payment of

assessed contributions of other United Nations organizations and other multilateral and regional organizations. Information on the experience of other international organizations with these measures was provided to the Committee on Contributions at its sixty-first session and was included in the addendum to its report.[7]

8. At its sixty-first session in 2001, the Committee agreed that multi-year payment plans could be a useful tool for reducing the unpaid assessed contributions of Member States. Such plans should involve payment each year of the amount of the current year's assessments and a part of prior years' arrears and could be the subject of prior discussions between the Member States concerned and the Secretariat. As regards linkage of payment plans to the application of Article 19, some members felt that this would be possible, while others questioned its legality. Some members suggested that the plans could be linked to the non-application of other potential measures, such as indexation or interest charges, should the General Assembly decide to introduce them. The Committee recommended that the General Assembly take a decision on multi-year payment plans, based on a report by the Secretary-General putting forward proposed guidelines for such plans.

9. In its resolution 56/243 A of 24 December 2001, the General Assembly, inter alia, recognized that multi-year payment plans, subject to careful formulation, could be helpful in allowing Member States to demonstrate their commitment under Article 19 of the Charter to pay their arrears, thereby facilitating consideration of applications for exemption by the Committee on Contributions, and requested the Secretary-General to propose guidelines for such multi-year payment plans through the Committee on Contributions. The present report responds to that request.

II. Guidelines for multi-year payment plans

10. Unlike the organizations referred to above, the United Nations currently has no formal procedures for multi-year payment plans for arrears of assessed contributions. A number of Member States in arrears have indicated their intention to reduce or eliminate their arrears, either over a specified period of time or according to a specified schedule. Information about such intentions is clearly of interest to other Member States and helpful to the Secretariat for planning purposes. At present, however, there are no formal procedures for dealing with such statements of intention or linkages with other measures, in particular the application of Article 19. Should the General Assembly decide to endorse multi-year payment plans as a way for Member States in arrears concretely to demonstrate their commitment to meeting their financial obligations to the Organization, it will need to consider whether to establish such procedures and whether and how to link the plans to other measures.

A. Nature of multi-year payment plans

11. The Committee on Contributions has agreed that multi-year payment plans can be a useful tool for reducing the unpaid assessed contributions of Member States. In the past, however, members of the Committee have not agreed on whether such plans should remain essentially a voluntary statement of intention or become "mandatory" in some way by being linked to other measures.

12. Were the General Assembly to adopt formal procedures for voluntary plans, it might encourage more Member States to adopt such plans as a concrete sign of their commitment to meeting their financial obligations to the United Nations in full. Formal guidelines and procedures for the adoption of such voluntary plans could also facilitate regular reporting in the context of periodic reports on the status of assessed contributions. This, in turn, might encourage the Member States concerned to keep to the schedules laid out in their respective plans.

13. In addition, it should be noted that two of the Member States that requested exemption under Article 19 in 2001 announced schedules for the payment of their arrears. While there was no formal link between the announcement of these schedules and the application of Article 19, the announced intention of the two Member States to eliminate their arrears was known to both the Committee on Contributions and the Fifth Committee of the General Assembly when they considered the requests for exemption. Even if the General Assembly decides that payment plans should remain voluntary in nature, it could also decide that a Member State's voluntary commitment to eliminate its

arrears under a payments plan should be taken into account when requests for exemption under Article 19 are considered periodically by the Assembly and the Committee on Contributions.

14. During earlier consideration of this matter, however, some scepticism was voiced about the effectiveness of voluntary plans and the value of establishing formal procedures for their submission and review and, indeed, it seems reasonable to assume that linkage to other measures would provide a greater incentive to submit and keep to a payment plan. In that context, the Secretariat infers that, in requesting guidelines for multi-year payment plans, the General Assembly intended at least to consider mandatory plans linked to other measures, in line with the practice in a number of other international organizations.

15. **Should the General Assembly decide to adopt formal procedures for multi-year payment plans, it will need to decide whether the nature of such plans should continue to be voluntary or become mandatory, by being linked to other measures.**

16. **If the General Assembly decides that payment plans should continue to be voluntary, it may nevertheless wish to decide that a Member State's commitment to reducing its arrears under such a plan should be taken as evidence of its commitment to meeting its financial obligations to the Organization when the Committee on Contributions and the Assembly consider requests for exemption under Article 19.**

Linkage to other measures

17. As indicated above, a number of international organizations link adoption of a payments plan to other measures, notably, suspension of the right to vote of the Member State concerned under the equivalent of Article 19 of the Charter of the United Nations. In some cases this linkage is automatic, in others it is still subject to approval by the governing body. Adoption of a payments plan has also been linked to other measures to encourage full payment of assessed contributions, including interest on arrears. Currently, the only incentive/disincentive measure affecting Members of the United Nations in arrears is the loss of vote under Article 19. Should the General Assembly adopt additional measures to encourage the timely, full and unconditional payment of assessed contributions, however, these could also be linked to adoption of a payments plan.

18. During the consideration of multi-year payment plans at recent sessions of the Committee on Contributions, some members considered that linkage to the loss of vote under Article 19 was inevitable.[6] Other members, however, felt that linking multi-year payment plans to the application of Article 19 was inconsistent with the Charter and would tend to weaken its disincentive effect.[4] Some of these members were of the view that such a linkage would require a revision of the Charter.

19. Having reviewed this matter in response to the request in General Assembly resolution 56/243 A, the Secretariat would offer the following observations. In Article 17, the Charter in unequivocal terms states that each Member of the Organization has an obligation to pay its contribution to the budget of the Organization as assessed by the General Assembly. This commitment of Member States under the Charter in respect of their contributions to the budget of the Organization is confirmed and further elaborated in the Financial Regulations and Rules of the United Nations.

20. Article 19 of the Charter should, therefore, be viewed in the light of what is stated in paragraph 2 of Article 17 regarding the obligation of each Member State to bear its portion of the expenses of the Organization. Article 19 of the Charter states that:

> "A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member."

21. By declaring that a Member State which fails to meet the obligation stipulated in paragraph 2 of Article 17 can no longer exercise its voting rights in the General Assembly, Article 19 reaffirms the importance attached under the Charter to strict observance by Member States of the obligation to pay their assessed contributions to the budget of the Organization.

22. The second sentence of Article 19 addresses an exceptional situation, which may arise when a Member

State is unable to pay its assessed contributions to the United Nations budget because of conditions which are beyond its control. This sentence stipulates that the General Assembly *may* (emphasis added) under these circumstances allow the State concerned to continue to vote in the Assembly.

23. Under Article 4 of the Charter, membership in the United Nations is open to States which accept the obligations contained in the Charter and, in the judgement of the Organization, are able to carry out these obligations. Consequently, unless the circumstances referred to in the second sentence of Article 19 exist, Member States cannot claim that they are not in a position to pay their assessed contributions to the budget of the Organization.

24. The arrangements made by various organizations of the United Nations system[7] with regard to payment plans for the settlement of arrears of assessed contributions cannot, of course, have a direct bearing on how the question of the establishment of a linkage between adoption of payment plans and the application of Article 19 of the Charter should be resolved within the United Nations. However, the fact that governing organs of many of these organizations, which have in their constituent instruments provisions similar to Article 19 of the Charter, have adopted arrangements providing that permission to vote is conditional upon a Member State's observance of the recommendations for settlement of arrears approved by those organs, is symptomatic of developing practice. It is also worthy of note that adoption of those arrangements did not raise the question of their inconsistency with the relevant provisions of the constituent instruments of the organizations concerned.

25. It follows from the text of the second sentence of Article 19 that, in order for the General Assembly to permit a Member State in arrears to continue to vote in the Assembly, it must be satisfied that the failure to pay is due to conditions beyond the control of the State concerned. The Assembly, therefore, should first be convinced that that State has made and will continue to make every effort to meet its obligation to pay the assessed contributions. Consequently, it would be quite appropriate for the General Assembly to decide that States which seek the suspension in their cases of penalties for non-payment of assessed contributions should demonstrate their commitment to eliminate their arrears by submitting, in consultation with the Secretariat and through the Committee on Contributions to the Assembly for its approval, multi-year payment plans. The introduction of this requirement would not be inconsistent with Article 19 of the Charter, because its purpose would be to facilitate the implementation by the Assembly of its responsibilities under that Article, namely, to assist the Assembly in deciding whether the State concerned is striving to meet its financial obligations under the Charter and that non-payment is really due to conditions beyond its control.

26. This conclusion is also consonant with the position taken implicitly on this issue by the General Assembly in its resolution 56/243. In that resolution, the Assembly recognized that multi-year payment plans, subject to careful formulation, could be helpful in allowing Member States to demonstrate their commitment under Article 19 of the Charter to pay their arrears, thereby facilitating consideration of applications for exemption by the Committee on Contributions.

27. A decision by the General Assembly to link adoption of multi-year payment plans to exemptions under Article 19 would not necessarily preclude the Assembly granting an exemption to a Member State whose failure to pay was due to conditions beyond its control, even if that Member State did not enter into a payments plan. It may be noted, however, that in many organizations of the United Nations system, the granting of a waiver of the loss of voting rights owing to arrears of assessed contributions is tied to the submission of a payments plan.

28. **Should the General Assembly decide to adopt formal procedures for multi-year payment plans and that such plans should be mandatory, therefore, it may also wish to decide that they should be automatically linked to the application of Article 19 for Member States with approved payment plans, rather than the link being discretionary, based on the circumstances of each Member State.**

29. **The Assembly may also wish to decide that Member States requesting an exemption under Article 19 should submit a payments plan, as a concrete indication of their commitment to meeting their financial obligations under the Charter.**

30. **If the General Assembly decided to adopt other measures to encourage the timely, full and unconditional payment of assessed contributions, such as interest on or indexation of arrears, when**

doing so it would also need to decide whether application of those measures should be linked to the adoption of a payments plan.

B. Implementation of multi-year payment plans

31. Should the General Assembly decide to endorse the use of multi-year payment plans for Member States with arrears of assessed contributions to the United Nations, it will be necessary to establish related procedures. The Assembly may wish to consider the observations and suggestions below in the light of the related conclusions and recommendations of the Committee on Contributions.

Duration of multi-year payment plans

32. If multi-year payment plans are to promote fuller and more timely payment of assessed contributions and help to improve the financial situation of the United Nations, they should provide for elimination of the arrears of the Member States concerned within a reasonably limited time frame. On the other hand, they should be long enough practically to permit Member States facing conditions beyond their control to meet their financial obligations to the Organization. Clearly payment plans should not be longer than required by the Member States concerned. At the same time, there should probably be a maximum period for their completion.

33. As indicated above, the maximum duration of payment plans in the organizations of the United Nations system varies from five years in some organizations to twenty years in one organization, with many other organizations having a maximum duration of ten years. At the sixtieth session of the Committee on Contributions[6] some members were of the view that the duration of multi-year payment plans should be strictly limited, with a maximum period of three to six years. A maximum duration of six years would fall between the five and ten year maximum periods used by most other international organizations. In this connection, it may be interesting to note that, of the two Member States requesting an exemption under Article 19 in 2001 that also submitted a schedule for the payment of their arrears, one proposed to do so over five years and the other over seven years.

34. Should the General Assembly decide to adopt formal procedures for multi-year payment plans, it will be necessary to decide whether there should be a maximum term for such plans to eliminate arrears and, if so, what that maximum term should be. In that context, the Assembly may wish to accept the suggestion made by some members of the Committee on Contributions that the maximum term should be three to six years.

Payments under a multi-year payment plan

35. At its sixty-first session, the Committee on Contributions, inter alia, agreed that payment plans should involve payment each year of the amount of the current year's assessments and a part of prior years' assessments. In this context, assessments that become due and payable in a given calendar year include those that are issued between the previous December and November of the year in question. If the goal of a payments plan is the reduction and eventual elimination of a Member State's arrears, then it is clearly necessary that its annual payments exceed its assessments each year.

36. Should the General Assembly decide to adopt formal procedures for multi-year payment plans, it may therefore wish to decide that annual payments under such plans should equal the full amount of assessments becoming due and payable during that calendar year and a part of prior years' assessments.

Timing of payments under a multi-year payment plan

37. The practical implementation of the principle set out above is somewhat more complicated in the United Nations than in most other international organizations, which tend to have a single assessed budget and a single annual assessment. By contrast, in the United Nations, separate assessments are issued for each peacekeeping account and for the two international tribunals, in addition to the annual assessment for the regular budget and the biennial assessment of advances to the Working Capital Fund. In addition, the peacekeeping financial period runs from 1 July to 30 June of the following year and multiple assessments may have to be issued for each account during that period, based on the budget approved by the General Assembly and the mandate periods authorized from time to time by the Security Council for each

peacekeeping operation. The regular budget and that of the two tribunals, on the other hand, follow the calendar year and are subject to biennial budgets, with a single annual assessment issued for each around the beginning of the year.

38. Different financial periods and multiple assessments issued throughout the year would seriously complicate the task of determining whether a Member State that has submitted a multi-year payment plan has complied with its terms. Would it be deemed to be in default, for example, if it failed to meet the 30-day due period provided for in the Financial Regulations and Rules of the United Nations, for each and every assessment? Owing to the inherent unpredictability of the amount and timing of peacekeeping assessments, even some Member States that normally pay their assessed contributions in full and on time fail to pay at least some of their peacekeeping assessments within the 30-day due period. Expecting a Member State subject to a payment plan to meet this exacting standard may therefore be unrealistic. It would also be administratively burdensome and impractical to reassess the status of implementation of the payment plan each and every time that an assessment becomes due and payable.

39. **A more practical approach would be to review the status of implementation of the multi-year payment plans at the end of each financial period. The financial period used for regular budget and tribunal assessments is the calendar year. Furthermore, procedures for the application of Article 19 are based on the calendar year. It would therefore be more logical to review the status of the implementation of payment plans at 31 December each year, especially if they are linked to the application of Article 19. At that time, payments received during the calendar year should equal or exceed the amount of assessments becoming due and payable during the year, together with a specified portion of assessed contributions outstanding for prior years.**

40. **The purpose of the multi-year payment plan is steadily and cumulatively to eliminate a Member State's arrears of assessed contributions to the United Nations. Should the Member State's payment in a given year of the plan exceed the instalment due from it for that year, it seems logical that the excess amount should be taken into account when reviewing the status of implementation of the plan at the end of the following year.**

41. **Should the General Assembly decide to adopt formal procedures for multi-year payment plans, it may also wish to endorse the suggestions set out above regarding the timing of the review of the status of implementation of such plans.**

Default

42. If formal procedures for multi-year payment plans are introduced, it will be necessary to consider what consequences would follow for a Member State not meeting its undertakings under the plan. **If plans continued to be voluntary, in the sense of not being linked to other measures, then such a default could be drawn to the attention of other Member States as well as the Member State concerned. It could also be taken into account by the Committee on Contributions and the General Assembly when they consider requests for exemption under Article 19.**

43. If multi-year payment plans are linked to other measures, then logically and consistent with the practice in other organizations, a default under the plan should be linked to the same measures. As has been noted above, the loss of vote under Article 19 is currently the only measure applied to Member States with arrears of assessed contributions to the United Nations. **If, despite falling under the provisions of Article 19, a Member State is granted an exemption under Article 19 linked to a payment plan, then a default under that plan should presumably lead to the end of that exemption and the consequent loss of its vote in the General Assembly.**

44. The question arises whether the loss of vote in the General Assembly resulting from a default under a payment plan should be automatic, or subject to further review by the General Assembly. **Since the loss of vote under Article 19 is itself automatic, a loss of vote owing to a default under a payment plan should presumably also be automatic.**

45. A further question arising is whether, having fallen into default under a payment plan, a Member State can revive the plan and automatically restore its vote at a later date by paying the shortfall under the plan. In this connection, **the decision of the General Assembly to permit the Member State in question to vote despite falling under Article 19 would have been made in the context of an undertaking by that**

Member State to make certain specific payments within a specified time frame. If that undertaking is not met, then the General Assembly would presumably wish to review the overall position of the Member State, including the possibility of establishing a new payment plan under whatever review procedures the Assembly may establish.

46. **If, during the period of a payment plan, a Member State's arrears no longer bring it under the provisions of Article 19, it clearly would not lose its vote, even if it did not meet in full its obligations under the payments plan. Should such a situation arise, however, it should presumably be brought to the attention of the General Assembly.**

47. As regards other measures that the General Assembly may adopt to encourage the timely, full and unconditional payment of assessed contributions, such as interest on or indexation of arrears, their implementation could also be linked to multi-year payment plans. This aspect would presumably be considered at the time that the new measures were adopted but related measures could include, for example, restoration of interest or indexation charges following a default.

48. **Should the General Assembly decide to adopt formal procedures for multi-year payment plans, it will need to consider the consequences of the failure by a Member State to meet its obligations under such a plan. In doing so, it may wish to endorse the suggestions outlined above.**

Review procedures

49. At present, there are no formal procedures for considering schedules announced by Member States for the elimination of their arrears. In other international organizations, procedures generally involve multi-year payment plans being reviewed or approved by the organization's governing body. **Were formal procedures for multi-year payment plans to be adopted by the United Nations, proposed plans should presumably be considered by the General Assembly. If such plans were not linked to other measures, the General Assembly would presumably take note of them and request periodic reports on their implementation.**

50. **Should multi-year payment plans be linked to the application of Article 19 or other possible measures to encourage the timely, full and unconditional payment of assessed contributions, it would presumably be necessary for the General Assembly to approve such a link. In that event, the Assembly would presumably request periodic reports on the implementation of approved plans, whether or not sanctions against default were applied automatically.** If the idea of an annual review of the situation at 31 December each year were adopted, then the report would presumably be issued as soon as possible thereafter. In that context, some time should be allowed to ensure that due account would be taken of payments that might be received before 31 December, but only identified and recorded later.

51. In this connection, rule 160 of the rules of procedure of the General Assembly provides that the Committee on Contributions shall advise the General Assembly on, inter alia, the action to be taken with regard to the application of Article 19 of the Charter. In recent years, the General Assembly has also sought the advice of the Committee on Contributions on other measures to encourage the timely, full and unconditional payment of assessed contributions, including the introduction of multi-year payment plans. **Accordingly, the Committee on Contributions should presumably also review proposed payment plans and make recommendations thereon to the General Assembly, especially if the plans are linked to the application of Article 19.** The plans could then be considered by the General Assembly during the main part of its subsequent session in the autumn, with a view to implementation from the following year.

52. In its resolution 54/237 C of 23 December 1999, the General Assembly established a deadline for submission of requests for exemption under Article 19 prior to the annual sessions of the Committee on Contributions, so as to ensure a complete review of the requests. **The Assembly would presumably also wish to fix a deadline for submission of proposals for multi-year payment plans, especially if it decides that such plans should be linked to the application of Article 19. In view of the relatively long time frame of the plans, this deadline should probably be longer, perhaps two months, to allow for the collection of related information and for consultations between the Member State and the Secretariat to clarify any points outstanding.**

53. **Should the General Assembly decide to adopt formal procedures for multi-year payment plans, it may wish to establish a standard procedure for the**

review of proposed plans and of the implementation of approved plans. In this connection, the Assembly may wish to endorse the suggestions made above.

54. Were the Assembly to adopt additional measures to encourage the timely, full and unconditional payment of assessed contributions and linked their implementation to the adoption of multi-year payment plans, it would need to decide on the appropriate review process when adopting such measures.

Other procedural issues

55. As suggested above, one element of multi-year payment plans is likely to be payment in full of the amount of assessments becoming due and payable in the current year, together with a specified amount of prior years' arrears. Under financial regulation 5.4, contributions and advances are considered due and payable within 30 days of the receipt of the assessment, or as of the first day of the calendar year to which they relate, whichever is the later.

56. At its sixty-first session in 2001, the Committee on Contributions[8] noted that implementation of a number of measures to encourage the timely, full and unconditional payment of assessed contributions would be tied to timely payment of assessed contributions. As many assessments are issued to Member States in the course of each year, it is not feasible to determine the exact date on which each one arrives with each recipient. In this context, therefore, there could conceivably be some ambiguity as to the exact amount of the current year's assessments payable under the plan.

57. In that connection, the Committee on Contributions recalled that, at its fifty-ninth session, it concluded that it might be prudent to fix the deadline for timely payment of assessed contributions from the date of the issuance of assessments, rather than from the date of their receipt. It suggested that this could be accompanied by a short extension of the deadline, perhaps from 30 to 35 days. It noted that such a change would require a revision of the financial regulations and rules and that there would need to be some provision for the treatment of timely but misdirected payments, or those that came to the attention of the Secretariat late, even though paid on time.

58. Should the General Assembly decide to adopt formal procedures for multi-year payment plans, it may wish to approve a revision of financial regulation 5.4 to specify that assessments should become due and payable 35 days from the date of their issuance, rather than 30 days from their receipt. A draft text is attached in annex I. Adoption of this text could also facilitate implementation of other measures that the Assembly may adopt to encourage the timely, full and unconditional payment of assessed contributions.

III. Conclusions and recommendations

59. Should the General Assembly decide to adopt formal procedures for multi-year payment plans, it will need to decide whether such plans should continue to be voluntary or should become mandatory, through being linked to the application of Article 19 and/or other measures that may be adopted in future. It may also wish to consider revising financial regulation 5.4, as suggested in paragraph 58 above.

60. Should the General Assembly decide that multi-year payment plans should continue to be voluntary, it may also wish to decide that the commitment by a Member State to reduce its arrears under such a plan should be taken into account by the Committee on Contributions and the Assembly when they consider requests for exemption under Article 19.

61. Should the General Assembly decide that multi-year payment plans should be mandatory, through being linked to the application of Article 19, it may also wish to decide that this linkage should be automatic. The Assembly may further wish to decide that Member States requesting exemption under Article 19 should submit a payment plan as a concrete indication of their commitment to meeting their financial obligations under the Charter.

62. The General Assembly may also wish to endorse the suggestions for implementation of multi-year payment plans, outlined in section II.B above, subject to the conclusions and recommendations of the Committee on Contributions thereon. These suggestions are summarized in annex II to the present report which includes, for illustrative purposes, two possible

approaches to multi-year payment plans — one voluntary and one linked to the application of Article 19 of the Charter.

63. As indicated above, the General Assembly has decided to consider further other measures to encourage the timely, full and unconditional payment of assessed contributions. If it decides to introduce any of these measures, the Assembly will also have to decide whether their implementation should be linked to multi-year payment plans and, if so, the details of that linkage.

Notes

[1] *Official Records of the General Assembly, Fiftieth Session, Supplement No. 11 A* (A/50/11/Add.1), para. 12.

[2] Ibid., *Fifty-third Session, Supplement No. 11* (A/53/11).

[3] Ibid., *Supplement No. 11 A* and corrigendum (A/53/11/Add.1 and Add.1/Corr.1), para. 12.

[4] Ibid., *Fifty-fourth Session, Supplement No. 11* (A/54/11), chap. IV.C.8.

[5] Ibid., chap. IV.C.

[6] Ibid., *Fifty-fifth Session, Supplement No. 11* and corrigendum (A/55/11 and Corr.1), chaps. III and IV.B.

[7] Ibid., *Fifty-sixth Session, Supplement No. 11 A* and corrigendum (A/56/11/Add.1 and Add.1/Corr.1).

[8] Ibid., *Supplement No.11* (A/56/11), chap. IV.A.

Annex I

Proposed amendment to the Financial Regulations and Rules of the United Nations

Replace the text of regulation 5.4 with the following:

Regulation 5.4: Contributions and advances shall be considered as due and payable in full within thirty-five days of the issuance of the communication of the Secretary-General referred to in regulation 5.3 above, or as of the first day of the calendar year to which they relate, whichever is the later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

Annex II

Elements to be considered in the context of adopting a system of multi-year payment plans (including, for illustrative purposes, two possible approaches)

	"Voluntary" approach	*"Mandatory" approach*
Nature of multi-year payment plan		
Linkage to application of Article 19	NO	YES
Linkage to other measures	NO	To be decided when adopted
Exemption under Article 19 automatic/discretionary	N/A	Automatic
Link to other measures automatic	N/A	To be decided when adopted
Payment plan required for Article 19 exemption	NO	YES
Payment plan an explicit factor in considering exemptions	YES	N/A
Duration of multi-year payment plans and amounts		
Minimum duration	NO	NO
Maximum duration	3 to 6 years for Article 19 link	3 to 6 years
Amount of current year's assessments and some arrears	YES	YES
Extra payment considered in next period	YES	YES
Review process and periodicity		
Proposed plans to be reviewed by Committee on Contributions	YES	YES
Proposed plans to be approved by General Assembly	N/A	YES
General Assembly to take note of plans	YES	N/A
Review of status of implementation annual as at 31 December	YES	YES
Review of implementation by Committee on Contributions	YES	YES
Review of implementation by General Assembly	YES	YES
Situation in case of default		
Compliance with plan determined by status at ...	31 December	31 December
Report to General Assembly in case of default	YES	YES
Loss of vote under Article 19 reimposed if in default	N/A	Automatic
Restoration of plan and Article 19 exemption if shortfall paid late	N/A	NO
Restoration of plan/new plan following further review	N/A	YES
Impact on link to other measures	N/A	To be decided when adopted